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Sustainment Command
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Civilian Personnel

GUIDANCE FOR ADMINISTERING PAY POOLS FOR NSPS POSITIONS WITHIN THE ARMY SUSTAINMENT COMMAND (ASC)

Applicability. This regulation applies to positions covered under the NSPS for all Headquarters (HQ) ASC organizations and subordinate activities. At the time the position falls under NSPS, NSPS rules will apply. Employees currently under non-NSPS systems are eligible to apply for NSPS positions.

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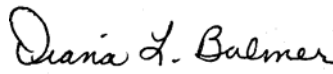
Supplementation. Supplementation of this regulation is prohibited without prior approval from the proponent.

Proponent. The proponent is the Assistant Chief of Staff for Human Resource Management, G-1. Users may send comments/recommendations to HQ ASC (AMSAS-HR), 1 Rock Island Arsenal, Rock Island, IL 61299-6500, e-mail rock-amsas-hrc@conus.army.mil.

Distribution. Approved for electronic distribution from the ASC Pubs Web page <http://www.aschq.army.mil/im/rcdsmgt/pubs.htm>.

Superseded publications*. None.

FOR THE COMMANDER:


DIANA L. BALMER
Chief of Staff

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1. Purpose. This regulation provides guidance and procedures on administering pay pools under NSPS.

2. References.

- a. §9901-9904, Title 5, United States Code (USC)..
- b. Part 9901, Title 5, Code of Federal Regulations (FR, Vol. 70, No. 210, November 1, 2005).
- c. DoD 1400.25-M, DoD NSPS Implementing Issuances.
- d. Interim Army NSPS Implementing Issuances.

3. Abbreviations.

ADCP.....Accelerated Compensation for Developmental Positions
ACOM.....Army Command
ASC.....Army Sustainment Command
CPAC.....Civilian Personnel Advisory Center
DCPDS.....Defense Civilian Personnel Data System
DOD.....Department of Defense
DODII.....DoD Implementing Issuances
ECC.....Equitable Compensation Curve
EPI.....Extraordinary Pay Increases
NSPS.....National Security Personnel System
PAA.....Performance Appraisal Application
PPM.....Pay Pool Manager
PRA.....Performance Review Authority
OAR.....Organizational Achievement Recognitions
USC.....United States Code

4. Responsibilities.

a. Department of Defense (DoD) Guidance: DoD 1400.25-M, subchapter 1940 and Army Interim Policy and Instructions govern pay pool roles and responsibilities.

b. Additional ASC Guidance:

(1) Performance Review Authority (PRA): The PRA performs the following responsibilities:

(a) Ensures employees are informed on pay pool assignments, Pay Pool Managers (PPMs), and panel members, and other pertinent information.

(b) Ensures all PPMs are certified and trained.

(c) Provides guidance to PPMs and oversees operation of pay pools under his/her authority.

(d) Determines final pay pool funding percentages based on Army Command (ACOM) and HQ ASC, G-8 guidance.

(e) Manages discretionary payout fund.

(f) Manages the pay-for-performance reserve fund.

(g) Monitors and adjusts pay pool fund distribution.

(h) Identifies pay pool funding levels, to include Accelerated Compensation for Developmental Positions (ACDP).

(i) Adjudicates second level rating reconsideration requests.

(j) Designates pay pool panel members where appropriate.

(k) Appoints a Pay Pool Administrator (PPA) to provide administrative support and track panel decisions.

(2) Pay Pool Manager: The PPM performs the following responsibilities:

(a) Ensures rating officials complete performance plans, interim reviews, close-out assessments and recommended ratings within established timeframes.

(b) Ensures that rating officials, higher level reviewers, and pay pool panel members are certified and trained.

(c) Maintains appropriate certification records.

(d) Distributes and collects non-disclosure statements from pay pool panel members and the PPA.

(e) Ensures the pay pool is conducted in accordance with established policies and procedures.

(f) Chairs pay pool panel and attends all pay pool panel meetings.

(g) Renders final approval of performance ratings, share assignments, and payout distribution.

(h) Adjudicates first level reconsideration requests.

(3) Pay Pool Panel Members: The pay pool panel members perform the following responsibilities:

(a) Attend all pay pool panel meetings.

(b) Review recommended ratings of record, share assignments, and/or payout distributions, and make adjustments which in the panel's view would result in equity and consistency across the pay pool.

(c) Contact rating officials and/or higher level reviewers as needed for additional information or clarification, or to relay panel decisions regarding changes to recommended ratings, shares, and/or payout distributions.

(4) The Pay Pool Administrator: The PPA performs the following responsibilities:

(a) Maintains the pay pool structure and roles in the pay pool Identification tool.

(b) Receives, stores, and secures electronic appraisal information for the panel's use. Populates the Compensation Workbench tool with data from Defense Civilian Personnel Data System (DCPDS) and the Performance Appraisal Application (PAA) Tool.

(c) Operates the automated DCPDS tools during panel meetings to provide data for the panel's use, to include updating the Compensation Workbench tool with panel rating, shares, and distribution decisions.

(d) Maintains current copy of DoD, Department of Army (DA), and local business rules governing NSPS performance and pay pool management. Provides guidance to the panel as needed; coordinates with HQ ASC G-1 for policy guidance or when additional clarification is required.

5. Procedures.

a. Funding the Pay Pool:

(1) DoD Guidance:

(a) DoD 1400.25-M, subchapter 1930, and Army interim policy and instructions govern procedures for funding the pay pool.

(b) Title 5, United States Code (USC), DoD Implementing Issuances (DODII), and Army policy mandates certain required actions as noted below. Local business rules must comply.

(1) To the maximum extent practicable, for the fiscal years 2004 through 2008, the overall amount allocated for compensation of the DoD civilian employees who are included in the NSPS may not be less than the amount that would have been allocated for compensation of such employees for such fiscal years if they had not been converted to NSPS, based on, at a minimum: (1) The number and mix of employees in such organizational or functional units prior to conversion of such employees to NSPS; (2) Adjustments for normal step increases and rates of promotion that would have been expected, had such employees remained in their previous pay schedule. [5 USC §9902(e)(4)]

(2) DoD may determine a percentage of pay to be included in pay pools and paid out as performance-based pay increase, performance-based bonus, or a combination of a performance-based pay increase and a performance-based bonus. [5 USC §9901.342 (b)(2)]

(3) The DODII establishes Element 1 funds as basic pay funds that were historically spent on within-grade increases, quality-step increases, and promotions between general schedule grade levels that no longer exist under NSPS. The Secretary (of Defense) will establish and may periodically adjust Element 1 funding floors. Heads of DoD components with independent appointing authority will have the flexibility to set funding floors at the pay pool level as long as the component meets the funding floor level set by the Secretary. [SC 1930.9.3.1.1]

(4) The DODII provides that funds available for increases to base salary may be used for bonus at the pay pool level where appropriate, provided Element 1 base salary funding floors are expended as established at the Component level. [SC 1930.9.3.1.2]

(5) The DODII requires that Element 3 represents funds spent for performance-based cash awards. The funds associated with Element 3 are available *only* for bonus. [SC 1930.9.3.1.3]

(6) The DODII allows managers, in conjunction with the Performance Review Authority (PRA) and senior management officials, authority to use appropriate funding sources (not pay pool funds) to provide for discretionary performance payouts. [SC 1930.AP1]

(7) The DODII prohibits forced distribution of ratings, therefore, pay pool funds cannot be controlled in this manner. [SC 1940.10.7.2.]

(8) The Army policy mandates that DoD and DA pay pool funding floors for Element 1 funds be met within DA by Army commands or equivalent. [AP-SC 1930.9.3.1]

(9) The Army policy delegates authority to ACOMs to establish different Element 1 funding floors for each pay pool under their authority as long as the organization meets their funding floor in the aggregate. Such differences in pay pool funding floors may be required to accommodate differences in the market and makeup of pay pools. [AP-SC 1930.9.3.1.1]

(10) The Army policy delegates authority to Army commands to further delegate to the PRA or the PPM level to allocate additional funds, when available, to any element of the Pay Pool Fund. [AP-SC 1930.9.3.1.4]

(11) The Army policy delegates authority to Army commands to establish operating guidelines concerning the allocation of funds representative of Element 3 Pay Pool Funds (performance-based cash awards). This authority may also be re-delegated to the PRA or PPM level. [AI-SC 1930.9.3.1.3]

(2) Additional ASC Guidance:

(a) In 2007, the command will fund a pay pool for pay increases at their average historical percent of base pay expended on within grade increases, quality step increases, and promotions for FY 2005 and 2006.

(b) The funding of individual pay pools will be revisited annually and is at the discretion of the PRA.

(c) Pay Pool Funding: ASC G-8 will provide guidance as to the allocation of funding between performance-based pay increases and performance-based bonus dollars.

b. Pay Pool Structure, Composition, and General Notice:

(1) DOD Guidance:

(a) DoD 1400.25-M, subchapter 1940, and Army interim policy and instructions govern pay pool composition and pay pool general notices.

(b) DODII and Army policy mandate certain required actions as noted below.

(1) The Army policy requires employees to be notified during the first three months of the rating cycle (but not later than 90 days prior to the end of the cycle) of their pay pool assignment, the PPM and panel members. [AP-SC 1940.11.2]

(2) The Army instruction provides guidelines on pay pool composition and states that the size of a pay pool should normally range between 35 and 300 employees. [AI-SC 1940.11.1]

(2) Additional ASC Guidance:

(a) Composition of the Pay Pool - The ASC will initially have one pay pool; additional or sub-pay pools may be established when the remaining ASC employees convert into NSPS.

(b) The PRA for the command is the Deputy to the Commander. The PRA will oversee and guide all pay pool panel operations.

(c) The PPM will be one of the functional SESS who will serve as the PPM from FY 2007 through NSPS pay pool payouts in January 2010. A new PPM may be appointed at that time.

(d) Pay Pool Panel members will be designated by the ASC Commanding General (CG) or his designated representative and will consist of 4 panel members. Pay pool panel members will be chosen based on such factors as: balance, diversity, mission variety, operations size, geographic location, etc. When practical, rotations off the panel will be staggered to provide continuity within pay pool panel operations and allow new panel members to serve in this capacity. The ASC G1 will ensure new pay pool panel members are approved as required.

(e) The pay pool panel membership will be comprised of the PPM, Chief of Staff, one headquarters GS-15 equivalent supervisor and one Army Field Support Brigade (AFSB) senior manager appointed by the commander. The AFSB pay pool panel position will rotate.

(f) The initial ASC NSPS pay pool panel members will be selected from the HQ G-staff and Field Support Directorate.

(g) The CG or his designated representative will approve pay pool panel members by name no later than the first quarter of the rating cycle, and will notify the selected to pay

pool members. If pay pool panel members become unavailable to serve on the pay pool (job change, separation, etc.), the CG will promptly designate a replacement.

(h) The PPA will be designated by the PRA. The HQ ASC G-1 staff will assist in the preparation for pay pool panel activities and will provide assistance related to pay pool panel operations as needed.

(i) The oversight for ensuring supervisors are providing initial performance plans, interim reviews and annual appraisals in an effective and timely manner will be assessed using three methods. These methods include: "Super User" visibility within the automated Performance Appraisal system, visibility within the ASC DNA automated system and use of a web-based NSPS assessment tool for all converted employees.

c. Administering the Pay Pool:

(1) DOD Guidance: DoD 1400.25-M, subchapter 1940, and Army interim policy and instructions govern pay pool administration.

(2) Additional ASC Guidance:

(a) Pay pool panel deliberations and discussions are confidential. All persons involved in the pay pool panels will sign a non-disclosure agreement and will abide by the standards of conduct and ethics as outlined in the implementing issuances. At a minimum, persons signing a non-disclosure statement include the PPM, PRA, pay pool panel members, and the PPA. Final ratings, shares, and distributions of payouts will not be released until final review and approval by the PPM.

(b) The pay pool panel will begin deliberation meetings in Nov-Dec 07 and Oct-Nov 08. The length of the panel meetings should allow sufficient time for reviewing performance appraisals and discussing issues so that a common understanding and consensus can be achieved. The consensus recommendation is provided to the PPM who renders the final decision for the rating of record.

(c) All pay pool panel meetings will occur face-to-face, subject to budgetary limitations and the discretion of the Command. Other pay pool panel discussions, such as follow-on meetings to discuss late appraisal information may be held by video teleconference or teleconference, as designated by the PPM.

(d) All panel deliberations, materials, and information (both written and verbal) developed during these meetings are confidential. Once the pay pool panel recommendations have been approved by the PPM, the PAA will be updated accordingly.

(e) The PPA will prepare the necessary documentation as requested by the PPM to facilitate panel deliberations. Such materials may include: electronic copies of performance appraisal forms (DD Forms 2906) generated from the PAA; recommended ratings and assessments from the employee, rating official, and higher level reviewer; copies of the performance indicators and contributing factors; copies of current pay bands; current GS pay schedule; list of promotions and reassignments that occurred during the cycle; copies of performance plans for employees that are part of the pay pool; frequency of ratings by supervisor, employee type, and geography, etc. All electronic versions of pay pool documents will be handled confidentially and maintained in secure folders, accessible to the panel members and the administrator. When possible, such reports should be provided to the PPM for review up to five days in advance of the meeting. The PPM will determine the need to send any materials to panel members for review in advance of the meeting or to provide access to panel members via a secure means.

(f) All rating officials must be available to the pay pool panel during the scheduled dates and times for panel meetings. Whenever possible, the dates for these meetings will be published to the rating officials 3 months in advance of panel meetings.

c. Performance Management Assessments and Ratings:

(1) DOD Guidance:

(a) DoD 1400.25-M, subchapter 1930, and Army interim policy and instructions govern performance management.

(b) The DODII and Army policy mandate certain required actions as noted below.

<1> The DODII requires that rating officials be afforded the opportunity to provide additional information to justify an employee's rating when the pay pool panel changes a rating. This will occur before the changed rating becomes final. [SC 1940.11.4.2]

<2> The DODII does not permit forced distribution of ratings (setting pre-established limits for the percentage or number of ratings that may be assigned). [SC 1940.10.7.2]

<3> DODII requires employee performance plans be in place and communicated to employees within 30 days from the beginning of the rating cycle. [SC 1940.5.6.1]

<4> The Army policy mandates the use of a standard Army supervisory performance objective. The standard Army supervisory objective serves as the baseline. Army organizations (ACOMs) may add unique requirements as appropriate. [AP SC 1940.5.7.3]

<5> The purpose of the pay pool panel is to meet, discuss, deliberate and attain consensus. Pay pool meeting processes that discourage panel deliberation and consensus are not compatible with NSPS Performance and Pay Pool Management.

(2) Additional ASC Guidance:

(a) Pay Pool Process:

<1> The pay pool panel will review employee assessments and supervisory assessments showing employee's objectives and contributing factors for the rating period.

<2> Pay pool panel members will collectively review the appraisal information (employee self-assessment, supervisor assessment, and recommended rating, shares, and payout distribution) for each employee and adjust ratings, shares, and distributions, as appropriate.

<3> The PPM hears discussions from members; may poll the members and either approve or adjust the objective ratings, the impact of contributing factors, and the overall rating for each employee.

(b) Panel Deliberations: In assigning, reviewing, or modifying ratings, panel members will consider the following: legitimacy of ratings and consistency with job objectives; proper documentation of the rating level; rating official rating patterns and rationale for such patterns; comparison of ratings; consistency among like jobs.

(c) Panels will also examine:

<1> Rating official rating patterns, i.e., significantly higher or lower than other raters. If such patterns are detected, determine if there is a legitimate reason for the difference (e.g., very high performing organization).

<2> Comparison of ratings among like organizations; e.g., directorates, divisions within the pay pool. Are they reasonably consistent? If not, are there legitimate reasons for the difference?

<3> Comparison of ratings among like jobs, e.g., deputy chiefs of staff, directors, division chiefs, human resource specialists, engineers, administrative staff, budgetanalysts. Have ratings and performance indicators been consistently applied?

(d) Pay pool panel members should collectively review the appraisal information (employee self-assessment, supervisor assessment, and recommended rating, shares, and payout distribution) for employees with a recommended rating other than 3, and adjust ratings, shares, and distributions as appropriate. For those with a recommended level 3 rating, the appraisals may be divided among the panel members and each member reviews a portion of the appraisals. When reviewing the level 3 appraisals, panel members should not review employees for whom they are the rating official or higher level reviewer. Panel members should not review any employees that have open Equal Employment Opportunity or Inspector General complaints against them.

(e) The pay pool panel may recommend and the PPM may change recommended ratings of record, share assignments, or payout distribution. The rating official involved will be notified of the change by the panel along with the rationale for the change. The rating official will then be afforded the opportunity to provide further justification before the change(s) become final. The rating official must make any appropriate changes in the PAA to reflect the final rating (e.g., change objective ratings, influence of contributing factors and, if required modify the supervisory assessment) prior to conducting the annual appraisal meeting with the employee or transferring the automated performance appraisal to the employee.

(f) Pay pool panel members will excuse themselves from the discussion when a review of their personal rating is under consideration. During the pay pool panel meetings, the panels will not review the ratings of peer members in the pay pool.

The PPM will conduct a separate review of these ratings and adjust as appropriate.

(g) Rating recommendations reviewed by the pay pool panel must contain sufficient information to justify the rating before a final rating is approved. This is especially true for recommended ratings above or below a level 3 or for ratings that have been adjusted (up or down) based on the contributing factors.

(h) If a recommended rating lacks the information needed to justify the rating, efforts will be made to resolve the discrepancy. If it appears that the rating official made an effort to justify a recommendation but did not provide enough information, a pay pool panel member will contact the rating official (or higher level reviewer if necessary) to obtain clarification. If no additional information is provided, or the information provided still does not justify the rating, the pay pool panel will recommend an appropriate rating to the PPM.

(i) Because of the limited timeframes for pay pool panel deliberations, deadlines must be strictly adhered to. This pertains to rating officials' appraisals of their employees, higher level reviewer functions, and especially to requests from the pay pool panel for additional information pertaining to specific employees. As a general rule, inquiries sent out from the pay pool panel should be addressed by the recipient (or a designee) within the same workday; the dates of each pay pool panel meeting should be known to the rating officials and higher level reviewers in that pool so that they can be prepared to answer questions, or have a designated alternate available for this purpose. Consistent or deliberate failure to meet deadlines and publicized timeframes by rating officials or higher level reviewers will be addressed in the supervisory objective of their next performance rating. When rating officials or higher level reviewers are consistently late, the chain of command will be notified and appropriate action will be taken.

(j) Clarifying or supporting information that is received too late for consideration may require that the pay pool panel reconvene; this will normally be done by phone or email. However, no further changes to ratings, shares, or distributions will be made once the PPM's output is forwarded to the PRA.

(k) Once final ratings have been approved by the PPM, they become the final rating of record and any recommended ratings are no longer relevant. At the point the final ratings

have been approved by the PPM, rating officials will be directed to make any appropriate changes in the PAA to reflect the final rating (e.g., change objective ratings, influence of contributing factors and, if required, modify the supervisory assessment) prior to conducting the annual appraisal meeting with the employee or transferring the automated performance appraisal to the employee.

(1) Rating Officials in Special Situations: The command will designate a rating official of record to rate employees who are in matrix organizations (Ad-con/Op-con), on extended temporary duty travel (Iraq, school, etc.) and other statuses. Guest rater input will be requested, where appropriate. Such guest raters will be identified and communicated to the employee within 90 days of the employee's transfer to special status.

d. Share and Payout Distributions:

(1) DOD Guidance:

(a) DoD 1400.25-M, subchapter 1930, and Army interim policy and instructions govern performance based payouts, pay pool share assignments, pay band control points, and payout distributions.

(b) The 5 CFR, DODII and Army policy mandate certain required actions as noted below. Local business rules must comply.

<1> 5 CFR §9901.342(c)(2) - Employees with unacceptable ratings of record will be assigned zero shares.

<2> 5 CFR §9901.342 (d)(4) - An increase in base salary may not cause the employee's rate of base salary to exceed the maximum rate or applicable control point of the employee's band rate range.

<3> The DODII requires that considerations in making share assignments, such as complexity of the work, overall contribution to the mission of the organization, organizational success, and fiscal soundness be consistent with merit principles. [SC 1930.9.6.]

<4> The Army policy delegates to ACOMS the authority to establish business rules concerning the assignment of shares within a share range. This authority may be re-delegated to the PRA or PPM level. Organizations may choose a broad business

rule initially and further define and control their rules after their first mock pay pool panels and/or pay pool payout.

[AP-SC 1930.9.6.]

<5> The DODII establishes rules for performance based payouts for specially situated employees (e.g., leave without pay for Uniformed Service or under the Office of Worker's Compensation Program, details, temporary promotions, change in jobs after end of appraisal period but before payout.

[SC 1940.AP1]

<6> The DODII requires that employees with ratings of level 1 or 2 receive no shares.

[SC 1930.9.6. and Table SC 1930-1]

<7> The DODII requires that if a performance-based pay increase will cause an employee's base salary to exceed the maximum rate for the pay band occupied by the employee, the excess amount will be paid as a performance bonus.

[SC 1930.9.7.]

<8> The DODII states that the payout distribution, subject to pay pool panel reconciliation and final approval by the PPM, may be paid as an increase in base salary, a bonus, or a combination of the two. [SC 1930.9.6.4.]

<9> The DODII states that pay band control points, subject to any component supplemental guidance may be established in order to manage pay progression. The definition and use of control points must be consistent with merit system principles and will be applied consistently in the same pay band and career group within a pay pool. [SC 1930.9.5.]

<10> The Army policy delegates to ACOMS the authority to establish control points. Note: An example of a pay band control point would be the establishment of a market zone or market pay range within a pay band in which the top of the range could not be exceeded during the pay pool payout without assignment of higher value work. [AP-SC 1930.5.]

<11> The DODII states that employees who are no longer covered by NSPS at the time of the payout are not entitled to a performance-based payout. However, such employees may be considered for incentive award actions under Chapter 45, Title 5, USC. [SC 1930.9.4.5.]

(2) Additional ASC Guidance:

(a) The number of shares awarded for each rating level (3 to 5) will be based on where the overall average rating (before rounding to a whole number) of all objectives falls, as follows:

Rating level	Average rating	Number of shares
5	4.76 - 5.00	6 shares
5	4.51 - 4.75	5 shares
4	4.01 - 4.50	4 shares
4	3.51 - 4.00	3 shares
3	3.01 - 3.50	2 shares
3	2.51 - 3.00	1 share

(b) The Equitable Compensation Curve (ECC) will be utilized to determine the distribution of pay out between base salary increase and bonus for all employees. The ECC is a mathematical calculation that provides a consistent methodology of payout distribution throughout the ASC pay pool.

(c) Employees who are retiring or separating to a non NSPS system after the completion of the rating period, but before the pay pool payout will receive their entire payout in the form of a cash incentive award if performance during the applicable period merits recognition under Chapter 45, Title 5, USC.

(d) Interns and developmental employees who are eligible for in-band pay increases through the ACDP provisions will receive 100% of their pay pool payout in the form of a bonus. Exceptions may be granted by the PRA. In order to be eligible for consideration of such exception, the intern/developmental employee must receive a Level 5 rating.

(e) In developing the payout pay increase/bonus mix, the following items should be considered: the approved performance rating; employee contribution to the command's strategy and mission relative to their peers; the employee's current salary within the band and/or pay range; and other performance increases that were received by the employee throughout the performance cycle.

(f) The command's overall compensation policy is based on the value of work. The fact that GS grade levels have been replaced in NSPS by much broader pay bands does not mean, for

example, that every employee in pay band 2 of the YA pay schedule will automatically progress along that pay band until they reach the top. Movement to the top may be predicated on assumption and availability of higher value work.

(g) The command's goal is to compensate employees fairly for the level of work they perform. Compensation should be high enough to retain needed skills without over-compensating employees. Labor market competition, including geographic factors (e.g., remote locations, high cost urban locations) will also play a role in determining what this level is for various types of positions.

e. Publication of Results to Employees:

(1) DOD Guidance:

(a) DoD 1400.25-M, subchapter 1940, and Army interim policy and instructions govern pay pool communications.

(b) The DODII and Army instruction mandate certain required actions as noted below.

<1> The DODII requires that upon completion of the pay pool process, the rating of record, share assignment, and payout distribution are communicated to the supervisor. The supervisor is then responsible for communicating this information to the employee. [SC 1940.10.7.2]

<2> The Army instruction mandates that the rating official and higher level reviewer shall not share with employees the recommended rating, share assignments, or payout distributions. The rating official shall only communicate the final rating of record, share assignments, and payout distributions awarded to the employee after the PPM's approval and prior to payout. [AI-SC 1940.9.1.1.]

(2) Additional ASC Guidance:

(a) Once the PPM has approved the pay pool results and rating officials have updated appraisal information in the PAA, final appraisals will be transferred to employees via the rating official. The rating official must make any appropriate changes in the PAA to reflect the final rating (e.g., change objective ratings, influence of contributing factors and, if required modify the supervisory assessment) prior to conducting the annual appraisal meeting with the employee or transferring the automated performance appraisal to the employee. Rating officials will conduct the annual appraisal conversation with each employee. This conversation needs to be completed before

the effective date of the performance payout (the first full pay period in January), and will be documented in the PAA. Supervisors will not communicate to employees any recommended ratings they made, nor will they communicate changes to ratings that the pay pool panel made.

(b) To promote credibility and transparency of pay pool management, the PPM will publish statistical results of the annual appraisals, including such metrics as: average pay pool rating level, number of employees or percent of employees receiving each rating level, average share assignment, number of employees receiving each share assignment, and pay pool share value expressed as a percent of base pay.

(c) To ensure confidentiality of individual employees, pay pool summary data (e.g., rating distribution, share assignment, or payout distribution) published to inform pay pool members will not be displayed in a manner that could reasonably result in identity of a specific employee.

f. Reconsideration Requests:

(1) DOD Guidance:

(a) DoD 1400.25-M, subchapter 1940, and Army interim policy and instructions govern procedures for administrative reconsideration.

(b) The DODII and Army policy mandate procedures for administrative reconsideration requests. NOTE: It is not atypical for pay pool business rules to restate some or all of the reconsideration regulations and policies established at the agency or component level to ensure all pay pool members are aware of their reconsideration rights and the procedures for requesting such reconsideration.

(2) Additional ASC Guidance:

(a) Employees can challenge their rating of record or an individual objective rating or adjusted rating if the requested remedy shall result in the recalculation of the rating of record.

(b) Employees that challenge their rating will initially receive a performance payout based upon the record of rating (i.e., the rating that is being challenged).

(c) Within 10 calendar days of receipt, the employee must submit a written request through the rating official to the PPM. The written request must include a copy of the rating, state what change is requested and the basis for the change. Within 15 calendar days of receipt, the PPM must render a written decision. The rating official must review the request and address the employee's concerns with the PPM. The PPM will review the request and confer with the rating official. The PPM may also conduct a further inquiry if deemed necessary. The PPM's decision must include a brief explanation for the basis of the decision. A copy of the decision is provided to the Civilian Personnel Advisory Center (CPAC), rating official and employee. If the employee is dissatisfied with the PPM's decision, the employee may submit a written request to the PRA within 5 calendar days. The PRA or designee will issue a decision within 15 calendar days. The PRA's decision is final.

g. Discretionary Pay Increases:

(1) DOD Guidance:

(a) DoD 1400.25-M, subchapter 1930, and Army interim policy and instructions govern procedures for discretionary pay increases.

(b) The DODII and Army policy mandate certain required actions as noted below. Local business rules must comply.

<1> The DODII allows discretionary performance payouts to recognize extraordinary performance by individuals and teams/organizations. Discretionary payouts are separate and in addition to those available under an incentive award program. A description of payments that may be made in the form of discretionary performance payouts is at DoD 1400.25-M, SC 1930, Appendix 4.

<2> The DODII requires the appropriate PPM to approve discretionary performance payouts to include the Extraordinary Pay Increases (EPI) or Organizational Achievement Recognitions (OAR).

(c) The DODII establishes Exceptional Performance Increases to reward employees when the payout formula does not adequately compensate them for their extraordinary performance and results. The EPI payment is in addition to the annual performance payout and is made in conjunction with the annual performance payout. An increase to base salary resulting from an EPI is permanent and does not require future revalidation. The decision to grant the EPI is entirely at the discretion of

management with final approval by the PRA. The amount of the EPI awarded in the form of an increase to base salary may not cause the employee's base salary to exceed the top of the employee's pay band.

(d) The DODII establishes the Organizational Achievement Recognition (OAR) to recognize the members of a team, organization or branch whose performance and contributions have successfully and directly advanced organizational goal(s). The OAR payment is made in conjunction with the annual performance payout. The decision to grant the OAR is entirely at the discretion of management, with final approval by the PPM. If the employees to be recognized belong to separate pay pools and are employed by different Components (e.g., matrixed employees in a program executive office), the recommendation shall be made by the PPM to which the majority of the employees belong. To qualify for an OAR, an employee must receive a rating of record of Level 3 or higher for the most recently completed appraisal period. Employees with a rating of record below Level 3 are not eligible to receive an OAR.

(2) Additional ASC Guidance:

(a) The EPI should be used sparingly and only to reward exceptionally high-performing employees whose performance and whose contributions to the organization are of an exceedingly high value based on individualized assessment.

(b) Recommendations for EPI can be submitted by the first line supervisor through the appropriate chain of authority to the pay pool panel for review and endorsement to the PPM. The PPM has final authority to approve these increases.

(c) Recommendations for Organizational Achievement Award will be submitted by the first line supervisor through the appropriate chain of authority to the PPM.

(d) Organizational objectives which must be met to award an Organizational Achievement Award must be approved by the PPM and published to the pay pool members at the beginning of the performance cycle. Employees with a rating level 3 or higher are eligible for Organizational Achievement Awards although payout may be different based on the rating level. The PPM will review and approve the payout type (e.g., pay increase, bonus, or combination of both). Additional criteria for payout may be established by the PPM.